

Message Text

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PAGE 01 TEHRAN 00683 221707Z

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DEPT FOR DEPUTY ASSISTANT SECRETARY SOBER

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FROM AMBASSADOR

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TAGS: BEXP, IR

SUBJ: 1976 TEHRAN INTERNATIONAL TRADE FAIR

REF: 75 TEHRAN 9889, LTR. OF 11/14/75 FROM UNDER
SECRETARY BAKER TO AMBASSADOR HELMS

1. BEGIN SUMMARY: THIS TELEGRAM REITERATES THE POST'S PREVIOUS
TELEGRAM SUPPORTING U.S. GOVERNMENT PARTICIPATION IN THE
FOURTH INTERNATIONAL TRADE FAIR AND URGES A PROMPT DECISION
BY THE DEPARTMENTS OF STATE AND COMMERCE TO PROVIDE ADEQUATE
FINANCIAL RESOURCES FOR A FIRST-CLASS EXHIBITION. END SUMMARY

2. PARTICIPATION IN THIS INTERNATIONAL TRADE FAIR IS A
MATTER OF CONSIDERABLE IMPORTANCE TO ONE OF THE IMPORTANT
FOREIGN POLICY OBJECTIVES OF THE UNITED STATES--THE PROTECTION
AND EXPANSION OF U.S. BUSINESS IN IRAN. THE NOT- INSUBSTANTIAL
IMMEDIATE BENEFITS OF PARTICIPATION INTERMS OFF-THE-FLOOR
AND NEAR-TERM SALES BY U.S. FIRMS HAVE BEEN SPELLED OUT
IN PREVIOUS MESSAGES. THE WIDE DEGREE OF PARTICIPATION
BY IRAN'S OTHER MAJOR TRADING PARTNERS INDICATES THAT
UNCLASSIFIED

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PAGE 02 TEHRAN 00683 221707Z

THEY TOO HAVE FOUND PARTICIPATION IN THE FAIR TO BE

REWARDING. ASIDE FROM THE IMMEDIATE COMMERCIAL BENEFITS OF PARTICIPATION, HOWEVER, FULL CONSIDERATION MUST BE GIVEN TO THE VERY CONSIDERABLE IMPORTANCE THE GOI ATTACHES TO PARTICIPATION BY IRAN'S MAJOR TRADING PARTNERS. IT SHOULD BE REALIZED THAT PARTICIPATION IN THIS EVENT IS TAKEN AS A VISIBLE SIGN OF CONTINUED CLOSE INTEREST IN IRAN, ESPECIALLY IN THE BUSINESS SECTOR.

3. WE THINK THE BENEFITS OF PARTICIPATION WARRANT PARTICIPATION ON A FIRST-CLASS BASIS. SO DO MOST OF IRAN'S OTHER TRADING PARTNERS, INCLUDING THE U.K., GERMANY, JAPAN AND THE U.S.S.R., ALL OF WHOM PLAN TO BE AMONG THE 40-PLUS COUNTRIES PARTICIPATING IN THE 1976 FAIR AND HAVE ALREADY PUT DOWN THEIR 50 PERCENT DEPOSITS ON SPACE. FRANCE, WHICH DID NOT PARTICIPATE IN THE LAST TWO FAIRS, BUT WHICH HAS PARTICIPATED IN A NUMBER OF SPECIALIZED FAIRS, IS LEANING TOWARD PARTICIPATION IN 1976. THESE PARTICIPANTS WILL MOUNT NATIONAL PAVILIONS BECAUSE THEY HAVE SUFFICIENT BUDGETARY SUPPORT AND HAVE (1) FOUND THE INTERNATIONAL TRADE FAIR AN EFFECTIVE (IN SOME CASES THE ONLY EFFECTIVE) TRADE EFFORT AND SALES DEVICE AND/OR (2) LOOK UPON THE FAIR TO GAIN COMMERCIAL OR POLITICAL PRESTIGE.

4. BUDGETARY, LOGISTICAL, RECRUITMENT AND MANPOWER CONSIDERATIONS ARE ROADBLOCKS TO A MEANINGFUL PARTICIPATION WHICH CAN ONLY BE OVERCOME WITH ADEQUATE FINANCIAL SUPPORT FROM WASHINGTON. WITHOUT SUCH ASSISTANCE, A BICENTENNIAL YEAR U.S. EXHIBIT IN THE 1976 FAIR WOULD NOT BE COMPARABLE TO THOSE OF MANY EUROPEAN COUNTRIES OR COMMENSURATE WITH THE ECONOMIC/COMMERCIAL INTERESTS OF THE U.S. IN IRAN. EVEN SHOULD SUPPLEMENTARY FUNDS BE ALLOCATED UNDER THE COMMERCIAL PRESENCE FAIR PROGRAM AT THE LEVEL OF PREVIOUS YEARS, IT IS UNLIKELY THAT A FIRST-CLASS EXHIBIT COULD BE MOUNTED. ALSO, THERE WILL BE DIFFICULTY IN THE LOCAL RECRUITMENT OF U.S. COMPANY PARTICIPANTS OWING TO THE DOWNTURN IN BUSINESS ACTIVITY.

5. NO PRIME-SPACE PAVILION IS AVAILABLE AND IT WOULD BE NECESSARY TO RENT A BUILDING OFF THE MAIN CIRCUIT OR

UNCLASSIFIED

PAGE 03 TEHRAN 00683 221707Z

AGAIN FALL BACK ON THE USE OF A TEMPORARY BUILDING. PURSUANT TO A PRIOR U.S.-GOI AGREEMENT, THE PERMANENT STRUCTURE ERECTED BY THE U.S. FOR OUR 1973 EXHIBITION, AND NEVER A VERY SATISFACTORY BUILDING, HAS BEEN TURNED OVER TO THE GOI. FURTHER, DUE TO TRANSPORTATION FACTORS, MOST U.S. EXHIBITORS AGAIN WILL RELY UPON STATIC, GRAPHIC DISPLAYS COMPARED WITH THEIR EUROPEAN COMPETITORS WHO CAN MUCH MORE EASILY MOVE MACHINERY AND EQUIPMENT TO

TEHRAN OVERLAND. ONLY SIGNIFICANT USG FUNDING OF THESE COSTS WILL MAKE POSSIBLE THE DISPLAY OF HIGH TECHNOLOGY MACHINERY WHICH OUGHT TO BE IN OUR PAVILION.

6. THE DIVERSION OF MANPOWER FOR THIS PROJECT FROM THE COMMERCIAL AND ADMINISTRATIVE SECTIONS SHOULD ALSO BE CONSIDERED. ONE KEY COMMERCIAL OFFICER DEVOTED A TEN-WEEK PERIOD TO THE 1975 FAIR JUST PRIOR TO AND DURING THE FAIR. THE AMOUNT OF U.S. BUSINESS GENERATED BY OUR PAVILION WAS PROBABLY LESS THAN THAT THE OFFICER COULD HAVE GENERATED BY VISITING GOVERNMENT OFFICES AND BRIEFING BUSINESSMEN. A FIRST-CLASS U.S. PAVILION FOR THE 1976 FAIR MIGHT WELL GENERATE MORE U.S. SALES THAN IN 1975; A LESSER EXHIBIT WOULD NOT, HOWEVER. ADEQUATE SUPPORT WOULD MEAN THE DETAIL OF A LEAST TWO COMMERCE SPECIALISTS FOR THE FAIR.

7. FACTORS FAVORING OUR PARTICIPATION: WE HAVE CONSIDERED THE LIKELY GOI REACTION TO OUR NON-PARTICIPATION. WHILE THE REACTION CANNOT BE PREDICTED PRECISELY, IT SEEMS SAFE TO SAY THAT THERE WOULD BE CONSIDERABLE DISAPPOINTMENT AT A MINIMUM. IT HAS BECOME CLEAR THAT THE FAIR, AS THE GOI SEES IT AT THE HIGHEST LEVEL, IS A MAJOR PRESTIGE EVENT. THE UNITED STATES IS IRAN'S MOST IMPORTANT TRADING PARTNER AND HAS 20 PERCENT OF THE TOTAL IRANIAN MARKET FOR NONMILITARY IMPORTS SHOULD THEY CORD STATES, WHICH HAS RECENTLY EXPANDED ITS CONCEPT OF ECONOMIC RELATIONSHIPS WITH IRAN, DECLINE TO PARTICIPATE IN WHAT IRANIAN OFFICIAL- DOM REGARDS AS THE PREMIER COMMERCIAL EVENT OF THE YEAR, WE CAN EXPECT NOT ONLY CONSIDERABLE DISAPPOINTMENT AT THE HIGHEST LEVELS HERE BUT THE LIKELIHOOD OF A RESENTMENT PREJUDICIAL TO OUR BUSINESS INTERESTS IN IRAN. AL- THOUGH LESSER-RANKING OFFICIALS TAKE THE LINE THAT EACH COUNTRY MUST DECIDE FOR ITSELF WHETHER OR NOT TO PARTI- UNCLASSIFIED

UNCLASSIFIED

PAGE 04 TEHRAN 00683 221707Z

CIPATE, WE HAVE REASON TO BELIEVE THAT NON-PARTICIPATION BY ONE OF IRAN'S MAJOR TRADING PARTNERS WOULD NOT BE TAKEN LIGHTLY HERE. INDEED, WE DO NOT THINK IT AN EXAGGERATION TO SAY THAT AT THE HIGHER LEVELS THERE IS A FEELING THAT THE MAJOR COUNTRIES, AND CERTAINLY IRAN'S ALLY AND MOST IMPORTANT SUPPLIER, HAVE AN OBLIGATION TO PARTICIPATE REGARDLESS OF THE AMOUNT OF BUSINESS TRANSACTED AT THE PAVILIONS. OFFICIALS ARE UNLIKELY (OR WILL BE UNWILLING) TO COMPREHEND EXPLANATIONS REGARDING BUDGETARY LIMITATIONS, POOR COST BENEFIT RATIOS, OR THE NONAVAILABILITY OF GOOD SITES. SOME TEMPORARY ADVERSE REACTION, POSSIBLY TAKING THE FORM OF NONCOOPERATION IN BUSINESS-RELATED MATTERS, MIGHT RESULT. THE ADVERSE REACTION WOULD BE EVEN MORE SEVERE IF OUR DECISION NOT TO PARTICIPATE WERE TO SET OFF A CHAIN REACTION OF LIKE DECISIONS BY OTHER COUNTRIES.

8. THE POST DOES NOT WISH TO PARTICIPATE IN THE TEHRAN INTERNATIONAL TRADE FAIR WITH A SECOND OR THIRD RATE EXHIBIT. TO DO A FIRST-CLASS JOB WOULD PROBABLY ENTAIL AN EXPENDITURE IN EXCESSOF \$100,000. IN LIGHT OF THE IMPORTANCE TO U.S. BUSINESS OF THE IRANIAN MARKET AND OF STRENGTHENED U.S. ECONOMIC TIES AND GIVEN THE OBVIOUS POLITICAL DIMENSION IN THIS MATTER, WE URGE A CAREFUL REVIEW AND DECISIONBY WASHINGTON. A REPLY IS NEEDED BY FEBRUARY 15.
HELMS

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